



Committee On Finance

Max Baucus, Ranking Member

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Contact: Carol Guthrie
(202) 224-4515

BAUCUS CALLS FOR MORE FLEXIBILITY FOR TRIBAL GOVERNMENT USE OF TAX-EXEMPT BONDS

Report reveals disparities between state and local use and tribal use of funds

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, today responded to the release of a Government Accountability Office (GAO) report detailing the potential uses of tax-exempt bonds by state and local governments. Senator Baucus requested the GAO report to highlight the discrepancy between the wide use of bonds by state and local governments and the limited use permitted for Indian Tribal governments. State and local governments can use tax-exempt bonds to fund public and some private activities related to rental housing, road infrastructure, parking areas, community recreation facilities, conference centers and hotel and tourist accommodations. In contrast, the Internal Revenue Code allows Tribal Indian governments to use tax-exempt bonds for only “essential government functions.”

“This report illustrates the benefits that state and local governments enjoy because of the flexibility that they have in their use of tax-exempt bonds,” said Baucus. **“Tribal governments shouldn’t have to climb higher mountains just to use tax-exempt bond funds. Tribes deserve the same flexibility to use tax-exempt bond funds that state and local governments have.”**

In June of this year, Baucus introduced the Tribal Government Tax-Exempt Bond Parity Act of 2006, which would revise the Internal Revenue Code to allow Tribal Indian governments to use tax-exempt bonds in the more flexible manner allowed for state and local governments.

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